

**GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA**

UNSTARRED QUESTION NO:4873
ANSWERED ON:24.08.2001
DISINVESTMENT OF NATIONAL FERTILIZER LTD.
CHANDRA NATH SINGH

Will the Minister of DISINVESTMENT be pleased to state:

- (a) whether attention of the Government has been drawn towards the news- item published in the `Rashtriya Sahara` on July 17, 2001 under the caption `Chaar Hazaar Karore rupayee Kee Sampatti Wale Sansthan Ek Hazaar Crore Rupayee main beche Jane ki Sajish`;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government have evaluated its assets in the right manner;
- (d) if so, the details thereof;
- (e) the details of the companies which have shown interest in buying the said plant; and
- (f) the measures being adopted by the Government to maintain transparency in the process of disinvestment?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

- (a) Yes, Sir.
- (b) There is no decision to sell National Fertilizers Limited (NFL) at a low price.
- (c) & (d) The valuation of NFL has not yet been completed.
- (e) For Government to realize the best price, competition is desirable. As such, the less a bidder knows about who and how many rivals he is bidding against, the better for Government. It would not, therefore, be desirable to disclose the names of the participants, price bids etc. in response to the advertisements, before the transaction is completed.
- (f) The process of disinvestment of Government equity in NFL is being carried out in accordance with the declared policy and totally transparent procedures of the Government. The details of the procedure being followed for disinvestment of PSUs are as under:
 - Proposals for disinvestment in any PSU, based on the recommendations of the Disinvestment Commission or in accordance with the declared Disinvestment Policy of the Government, are placed for consideration of the Cabinet Committee on Disinvestment (CCD).
 - After CCD clears the disinvestment proposal, selection of the Advisors for assisting in the implementation of the disinvestment decision, is done through a competitive bidding process.
 - The Advisors assist the Government in preparation and issue of advertisement in leading newspapers/magazines/journals, for inviting Expression of Interest (EOI) from prospective Strategic Partners. In cases of urgency, EOI is prepared by Department of Disinvestment and issued after approval of Inter-Ministerial Group (IMG).
 - After receipt of the EOI, Prospective Bidders are short listed, based on objective screening in the light of the announced pre-qualification criteria/requirements.
 - The Advisors, after due diligence of the PSU, prepare the Information Memorandum in consultation with the concerned PSU. This is given to the short listed Prospective Bidders, who have entered into a Confidentiality Agreement.
 - The draft Share Purchase Agreement or the Shareholders Agreement are also prepared by the Advisors, with the help of the Legal Advisors, and given to the Prospective Bidders for eliciting their reaction.

- The Prospective Bidders undertake due diligence of the PSU and hold discussions with the Advisors/the Government/the representatives of the PSU for any clarifications.
- Concurrently, the task of valuation of the PSU is undertaken in accordance with the standard national and international practices.
- Based on the reactions received from the Prospective Bidders, the Share Purchase Agreement and Shareholders Agreement are finalised and after vetting by the Ministry of Law, they are approved by the Government. Thereafter, they are sent to the Prospective Bidders for inviting the final binding bids (Technical and Financial).
- After examination, analysis and evaluation of the bids, the recommendations of the Inter Ministerial Group (IMG) are placed before the CCD for a final decision regarding selection of the Strategic Partner, signing of the Share Purchase & Shareholders Agreements and other ancillary issues.
- In the disinvestment process mentioned above, Department of Disinvestment is assisted at each stage by an Inter Ministerial Group (IMG) comprising officers from the Ministry of Finance, Department of Public Enterprises, the Administrative Ministry/Department controlling the PSU, the PSU concerned apart from the officers of the Department of Disinvestment and the Advisors.
- After the transaction is completed, all papers and documents relating to it shall be turned over the Comptroller and Auditor General of India; the CAG shall prepare an evaluation for sending to Parliament and releasing to the public.